

For Immediate Release May 18, 2004

Governor strikes a blow against job creation in Michigan

Contact: Bill Nowling

517-373-5899

Veto proves she's 'pennywise and pound foolish'

LANSING – Senate Republicans today were dismayed to see the governor once again strike a blow against job creation in Michigan by vetoing Senate Bill 1093. The legislation would have reduced the tax burden on small businesses, leading to more job opportunities for Michigan residents.

"Today, Governor Granholm sent a stifling and troubling message to Michigan's small-business owners and entrepreneurs, the true engine of the state's economic recovery," said Senate Majority Leader Ken Sikkema, R-Wyoming. "The governor is willing to spend tens of millions of taxpayer dollars through MEGA grants on a few large corporations when they threaten to leave Michigan. Unfortunately, she won't spend a dime to help create new jobs, which is what SB 1093 would have done."

Sikkema said it was disconcerting that the governor recently asked the Legislature to approve more than \$100 million in incentives to keep Federal Mogul in Michigan, but then vetoes a plan that spends a fraction of that to help thousands of small businesses.

"Capitulating to this sort of economic blackmail is being pennywise and pound foolish," Sikkema said. "It does nothing to create new jobs and gives people the false hope that state government is actually doing something to improve our economy."

Sponsored by Sen. Cameron S. Brown, R-Fawn River Township, SB 1093 would have reduced the tax burden for small businesses that hire new employees. The credit would have been equal to 1 percent of the compensation paid to new employees. The tax credit was designed to offset the Single Business Tax cost of hiring a new employee. In order to qualify for the tax credit, created jobs would have had to meet the following criteria:

- Did not exist in Michigan during the immediate preceding tax year;
- Represented an overall increase in full-time equivalent jobs in Michigan from one year to the next;
- Was not a job into which the employee transfers from an entity with which the taxpayer files a consolidated return; and
- Must have included health care coverage or insurance.

"The governor's veto was unfortunate," Brown said. "The governor should visit some of the small manufacturers of this state, and see firsthand the very real challenges they face. The current structure of the Single Business Tax penalizes small companies and hinders them from adding new employees. I was in small manufacturing for 18 years before I was elected to the Legislature. The governor should spend more time in the trenches than at the public troughs.

"The governor seems to be more concerned with squeezing taxes out of the proverbial turnip, and a spoiled one at that. We want to grow new turnips."

SB 1093 is part of the JOBS Action Plan, designed to create new job opportunities, save existing jobs, and promote a friendlier and healthier business climate in Michigan.

###